

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
June 30, 2016**

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**Lynnville-Sully Community School District
Board of Education and School District Officials
Year Ended June 30, 2016**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2015 Election)		
Duane Rozendaal	President	2015
John Terpstra	Vice President	2015
Matt Zylstra	Board Member	2015
Tim Dunsbergen	Board Member	2017
Jeremy Schnell	Board Member	2017
(After September 2015 Election)		
Tim Dunsbergen	President	2017
Duane Rozendaal	Vice President	2018-Resigned February, 2016
Jeremy Schnell	Vice President	2018
Jerry Van Dyke	Board Member	2017-Appointed March, 2016
Tammy Vos	Board Member	2018
Stephanie Young	Board Member	2018
School District Officials		
Shane Ehresman	Superintendent	2016
Karla De Cook	Business Manager/District Secretary	2016
Kyle Terpstra	District Treasurer	2016
Brian Gruhn	Attorney	2016



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Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
Lynnville-Sully Community School District
Sully, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Lynnville-Sully Community School District, Sully, Iowa, as of and for the year ended June 30, 2016, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Lynnville-Sully Community School District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 12 and 39 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lynnville-Sully Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 15, 2016, on our consideration of the Lynnville-Sully Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lynnville-Sully Community School District's internal control over financial reporting and compliance.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

November 15, 2016

The Lynnville-Sully Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2016 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,592,295 in fiscal 2015 to \$5,109,494 in fiscal 2016, while General Fund expenditures decreased from \$4,993,052 in fiscal 2015 to \$4,869,929 in fiscal 2016. The District's General Fund balance increased from \$325,704 in fiscal 2015 to \$565,269 in fiscal 2016, a 74% increase.
- The increase in General Fund revenues was attributable to more property tax money received due to a cash reserve levy. The decrease in expenditures was due primarily to a decrease in support staff salaries and benefits.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Lynnville-Sully Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Lynnville-Sully Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Lynnville-Sully Community School District acts solely as an agent or custodian for the benefit of those outside of the district.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the non-major governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

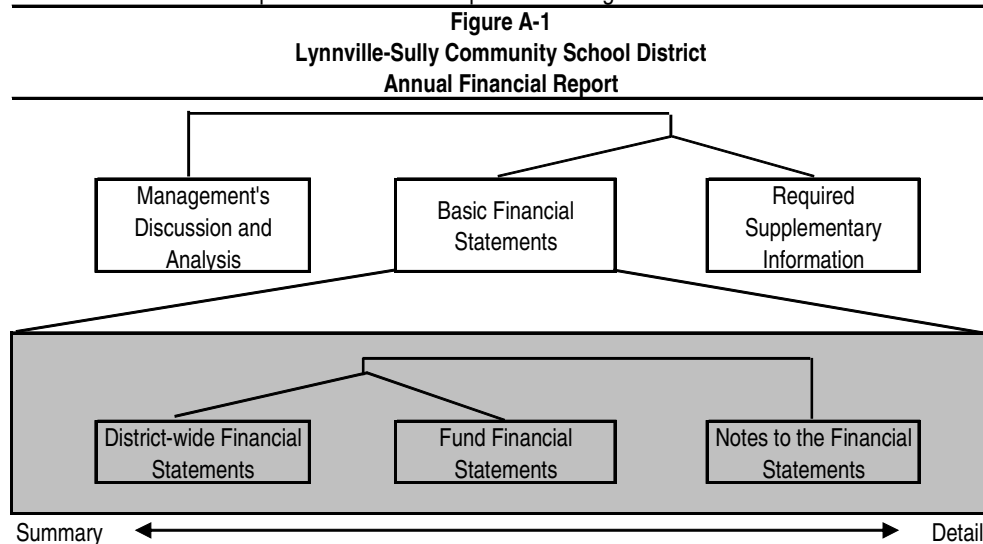


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services
Required Financial Statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net position * Statement of revenues, expenses and changes in fund net position * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflow / inflow information	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of fund balance that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2016 compared to June 30, 2015.

Figure A-3 Condensed Statement of Net Position (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015		2015		2015		
	2016	(Restated)	2016	(Restated)	2016	(Restated)	2015-2016
Current and other assets	\$ 4,794	4,243	78	74	4,872	4,317	12.9%
Capital assets	5,631	5,720	24	13	5,655	5,733	-1.4%
Total assets	10,425	9,963	102	87	10,527	10,050	4.7%
Deferred outflows of resources	826	502	26	14	852	516	65.1%
Long-term liabilities	4,949	4,278	66	52	5,015	4,330	15.8%
Other liabilities	617	567	-	-	617	567	8.8%
Total liabilities	5,566	4,845	66	52	5,632	4,897	15.0%
Deferred inflows of resources	3,151	3,167	15	20	3,166	3,187	-0.7%
Net position:							
Invested in capital assets, net of related debt	2,915	3,258	24	13	2,939	3,271	-10.1%
Restricted	1,079	1,008	-	-	1,079	1,008	7.0%
Unrestricted	(1,460)	(1,813)	23	16	(1,437)	(1,797)	-20.0%
Total net position	\$ 2,534	2,453	47	29	2,581	2,482	4.0%

The District's combined net position increased by nearly 4%, or approximately \$99,000 over the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased approximately \$71,000, or 7% from the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$360,000 or 20%. This decrease in unrestricted net position was primarily a result of the newly implemented GASB 68, which defines pension liability.

**Lynnville-Sully Community School District
Management's Discussion and Analysis
Year ended June 30, 2016**

Figure A-4 shows the change in net position for the year ended June 30, 2016 compared to the year ended June 30, 2015.

Figure A-4 Changes in Net Position (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	Year ended June 30,		Year ended June 30,		Year ended June 30,		June 30,
	2016	2015	2016	2015	2016	2015	2015-2016
Revenues:							
Program revenues:							
Charges for service	\$ 793	710	174	177	967	887	9.0%
Operating grants, contributions and restricted interest	759	772	108	93	867	865	0.2%
General revenues:							
Property tax	2,464	2,161	-	-	2,464	2,161	14.0%
Statewide sales, service and use tax	411	430	-	-	411	430	-4.4%
Unrestricted state grants	1,661	1,674	-	-	1,661	1,674	-0.8%
Unrestricted investment earnings	4	4	-	-	4	4	0.0%
Other	162	112	-	-	162	112	44.6%
Total revenues	6,254	5,863	282	270	6,536	6,133	6.6%
Program expenses:							
Governmental activities:							
Instruction	3,795	3,595	-	-	3,795	3,595	5.6%
Support services	2,015	1,865	-	-	2,015	1,865	8.0%
Non-instructional programs	1	1	264	262	265	263	0.8%
Other expenses	362	316	-	-	362	316	14.6%
Total expenses	6,173	5,777	264	262	6,437	6,039	6.6%
Change in net position	81	86	18	8	99	94	5.3%
Net position beginning of year, as restated	2,453	2,367	29	21	2,482	2,388	3.9%
Net position end of year	\$ 2,534	2,453	47	29	2,581	2,482	4.0%

In fiscal 2016, property tax and unrestricted state grants account for 65% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 100% of the revenue from business type activities. The District's expenses primarily relate to instruction and support services, which account for 95% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$6,254,506 and expenses were \$6,173,135 .

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2016 compared to the year ended June 30, 2015.

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services		Change 2015-2016	Net Cost of Services		Change 2015-2016
	2016	2015		2016	2015	
Instruction	\$ 3,795	3,595	5.6%	\$ 2,446	2,315	5.7%
Support services	2,015	1,865	8.0%	1,983	1,835	8.1%
Non-instructional programs	1	1	0.0%	1	1	0.0%
Other expenses	362	316	14.6%	191	144	32.6%
Totals	\$ 6,173	5,777	6.9%	\$ 4,621	4,295	7.6%

For the year ended June 30, 2016:

- The cost financed by users of the District's programs was \$4,621,335.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$758,644
- The net cost of governmental activities was financed with \$2,875,261 in property and other taxes and \$1,661,040 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2016 were \$281,667 representing a 4% increase over the prior year, while expenses totaled \$263,638 a 0.4% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Lynnville-Sully Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,603,058 up from last year's ending fund balances of \$1,229,396.

Governmental Fund Highlights

- The General Fund balance increased from \$325,704 to \$565,269 due in part to the cash reserve levy.
- The Physical Plant and Equipment Levy (PPEL) Fund balance decreased from a balance of \$111,060 in fiscal 2015 to a balance of \$110,472 in fiscal 2016.
- The Capital Projects Fund balance increased from \$500,428 in fiscal 2015 to \$642,727 in fiscal 2016.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$29,067 at June 30, 2015 to \$47,096 at June 30, 2016, representing an increase of approximately 62%.

BUDGETARY HIGHLIGHTS

The District's receipts were \$132,898 higher than budgeted, a variance of 2%. The most significant variance resulted from the District receiving more in private contributions and free and reduced subsidies than budgeted.

Total expenditures were less than budgeted, due primarily to the District's budget for the instruction and support services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had invested \$5.7 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$397,537.

The original cost of the District's capital assets was approximately \$11.3 million. Governmental funds account for approximately \$11.1 million, with the remainder of approximately \$0.2 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the furniture and equipment category. The District's furniture and equipment totaled \$1,744,326 at June 30, 2016, compared to \$1,448,066 at June 30, 2015.

Figure A-6
Capital Assets, net of Depreciation
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015		2015		2015		2015-2016
	2016	(Restated)	2016	(Restated)	2016	(Restated)	2015-2016
Land	\$ 116	116	-	-	116	116	0.0%
Buildings	4,288	4,525	-	-	4,288	4,525	-5.2%
Improvements other than buildings	576	612	-	-	576	612	-5.9%
Furniture and equipment	651	467	24	13	675	480	40.6%
Totals	\$ 5,631	5,720	24	13	5,655	5,733	-1.4%

Long-Term Debt

At June 30, 2016 the District had \$4,948,637 in general obligation and other long-term debt outstanding. This represents an increase of approximately 16% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations
(Expressed in Thousands)

	Total District		Change
	June 30,		June 30,
	2016	2015	2015-2016
General obligation bonds	\$ 1,040	1,230	-15.4%
GO bonds discount	(6)	(7)	-14.3%
Revenue bonds	1,180	1,240	-4.8%
Capital leases	491	-	
Net pension liability	2,232	1,815	23.0%
Net OPEB liability	12	-	
Totals	\$ 4,949	4,278	15.7%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- The District expects increased special education costs due to increased special education needs including one-on-one associates.
- The District will negotiate a new agreement with PALS for fiscal year 2016-2017. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's general fund budget and related fund balance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Karla De Cook, District Secretary/Treasurer and Business Manager, Lynnvile-Sully Community School District, Sully, Iowa, 50251.

Basic Financial Statements

Lynnville-Sully Community School District
Statement of Net Position
June 30, 2016

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 1,980,530	75,194	2,055,724
Receivables:			
Property tax:			
Delinquent	12,989	-	12,989
Succeeding year	2,331,709	-	2,331,709
Income surtax	269,189	-	269,189
Accounts	132,370	-	132,370
Due from other governments	66,982	-	66,982
Inventories	-	2,933	2,933
Capital assets, net of accumulated depreciation	5,631,345	24,396	5,655,741
Total assets	10,425,114	102,523	10,527,637
Deferred Outflows of Resources			
Pension related deferred outflows	825,817	26,273	852,090
Liabilities			
Accounts payable	143,466	-	143,466
Salaries and benefits payable	446,347	-	446,347
Accrued interest payable	27,336	-	27,336
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	195,000	-	195,000
Revenue bonds	60,000	-	60,000
Capital leases payable	118,610	-	118,610
Portion due after one year:			
General obligation bonds	838,867	-	838,867
Revenue bonds	1,120,000	-	1,120,000
Capital leases payable	372,210	-	372,210
Net pension liability	2,232,072	65,846	2,297,918
Net OPEB liability	11,878	672	12,550
Total liabilities	5,565,786	66,518	5,632,304
Deferred Inflows of Resources			
Unavailable property tax revenue	2,331,709	-	2,331,709
Unavailable income surtax revenue	269,189	-	269,189
Pension related deferred inflows	550,217	15,182	565,399
Total Deferred Inflow of Resources	3,151,115	15,182	3,166,297
Net Position			
Net investment in capital assets	2,914,780	24,396	2,939,176
Restricted for:			
Categorical funding	68,898	-	68,898
Debt service	120,437	-	120,437
Management levy purposes	89,018	-	89,018
Student activities	174,410	-	174,410
Physical plant and equipment	110,472	-	110,472
School infrastructure	516,116	-	516,116
Unrestricted	(1,460,101)	22,700	(1,437,401)
Total net position	\$ 2,534,030	47,096	2,581,126

See notes to financial statements.

Lynnville-Sully Community School District
Statement of Activities
Year ended June 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Governmental activities:						
Instruction:						
Regular instruction	\$ 2,281,410	422,269	448,725	(1,410,416)	-	(1,410,416)
Special instruction	748,688	50,960	103,648	(594,080)	-	(594,080)
Other instruction	765,212	319,927	4,023	(441,262)	-	(441,262)
	<u>3,795,310</u>	<u>793,156</u>	<u>556,396</u>	<u>(2,445,758)</u>	<u>-</u>	<u>(2,445,758)</u>
Support Services:						
Student	135,434	-	-	(135,434)	-	(135,434)
Instructional staff	242,198	-	-	(242,198)	-	(242,198)
Administration	570,640	-	-	(570,640)	-	(570,640)
Operating and maintenance of plant	412,903	-	-	(412,903)	-	(412,903)
Transportation	653,527	-	31,263	(622,264)	-	(622,264)
	<u>2,014,702</u>	<u>-</u>	<u>31,263</u>	<u>(1,983,439)</u>	<u>-</u>	<u>(1,983,439)</u>
Non-instructional programs	<u>1,052</u>	<u>-</u>	<u>-</u>	<u>(1,052)</u>	<u>-</u>	<u>(1,052)</u>
Other expenditures:						
Facilities acquisition	101,126	-	-	(101,126)	-	(101,126)
Long-term debt interest	89,960	-	-	(89,960)	-	(89,960)
AEA flowthrough	170,985	-	170,985	-	-	-
	<u>362,071</u>	<u>-</u>	<u>170,985</u>	<u>(191,086)</u>	<u>-</u>	<u>(191,086)</u>
Total governmental activities	<u>6,173,135</u>	<u>793,156</u>	<u>758,644</u>	<u>(4,621,335)</u>	<u>-</u>	<u>(4,621,335)</u>
Business type activities:						
Non-instructional programs:						
Food service operations	263,638	173,582	108,007	-	17,951	17,951
	<u>263,638</u>	<u>173,582</u>	<u>108,007</u>	<u>-</u>	<u>17,951</u>	<u>17,951</u>
Total primary government	<u>\$ 6,436,773</u>	<u>966,738</u>	<u>866,651</u>	<u>(4,621,335)</u>	<u>17,951</u>	<u>(4,603,384)</u>

Exhibit B

Lynnville-Sully Community School District
Statement of Activities
Year ended June 30, 2016

	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
	Operating Grants, Contributions and			Business		
	Expenses	Charges for Service	Restricted Interest	Governmental Activities	Type Activities	Total
Totals continued from previous pages	\$ 6,436,773	966,738	866,651	(4,621,335)	17,951	(4,603,384)
General Revenues:						
Property tax levied for:						
General purposes				2,213,515	-	2,213,515
Debt service				120,758	-	120,758
Capital outlay				129,953	-	129,953
Statewide sales, services and use tax				411,035	-	411,035
Unrestricted state grants				1,661,040	-	1,661,040
Unrestricted investment earnings				4,310	78	4,388
Other				98,585	-	98,585
Contributions not restricted to specific programs				63,510	-	63,510
Total general revenues				4,702,706	78	4,702,784
Change in net position				81,371	18,029	99,400
Net position beginning of year, as restated				2,452,659	29,067	2,481,726
Net position end of year				\$ 2,534,030	47,096	2,581,126

See notes to financial statements.

Lynnville-Sully Community School District
Balance Sheet
Governmental Funds
June 30, 2016

	General	Debt Service	Capital Projects	Non-major	Total
Assets					
Cash, cash equivalents and pooled investments	\$ 1,014,959	20,451	674,863	270,257	1,980,530
Receivables:					
Property tax:					
Delinquent	11,457	711	360	461	12,989
Succeeding year	1,999,454	122,186	110,069	100,000	2,331,709
Income surtax	201,892	-	67,297	-	269,189
Accounts	118,569	-	13,801	-	132,370
Due from other governments	-	-	66,982	-	66,982
Total assets	\$ 3,346,331	143,348	933,372	370,718	4,793,769
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 133,369	-	2,807	7,290	143,466
Salaries and benefits payable	446,347	-	-	-	446,347
Total liabilities	579,716	-	2,807	7,290	589,813
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,999,454	122,186	110,069	100,000	2,331,709
Income surtax	201,892	-	67,297	-	269,189
Total deferred inflows of resources	2,201,346	122,186	177,366	100,000	2,600,898
Fund balances:					
Restricted for:					
Categorical funding	68,898	-	-	-	68,898
Debt service	-	21,162	126,611	-	147,773
Management levy purposes	-	-	-	89,018	89,018
Student activities	-	-	-	174,410	174,410
School infrastructure	-	-	516,116	-	516,116
Physical plant and equipment	-	-	110,472	-	110,472
Unassigned	496,371	-	-	-	496,371
Total fund balances	565,269	21,162	753,199	263,428	1,603,058
Total liabilities, deferred inflows of resources and fund balances	\$ 3,346,331	143,348	933,372	370,718	4,793,769

See notes to financial statements.

Exhibit D

**Lynnville-Sully Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2016**

Total fund balances of governmental funds (Exhibit C)	\$ 1,603,058
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***Amounts reported for governmental activities in the
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	5,631,345
--	-----------

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(27,336)
--	----------

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 825,817	
Deferred inflows of resources	<u>(550,217)</u>	275,600

Long-term liabilities, including bonds payable, bond discounts, capital leases payable, net pension liability and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Those liabilities at year-end consist of:

General obligation bonds payable	(1,040,000)	
Revenue bonds payable	(1,180,000)	
Bond discount, net	6,133	
Capital leases payable	(490,820)	
Net pension liability	(2,232,072)	
Other postemployment benefits	<u>(11,878)</u>	(4,948,637)

Net position of governmental activities (Exhibit A)	\$ <u>2,534,030</u>
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See notes to financial statements.

Exhibit E

Lynnville-Sully Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2016

	General	Debt Service	Capital Projects	Non-major	Total
Revenues:					
Local sources:					
Local tax	\$ 2,135,727	120,758	129,953	77,788	2,464,226
Tuition	455,135	-	-	-	455,135
Other	78,554	221	53,687	348,851	481,313
State sources	2,321,316	1,261	411,674	819	2,735,070
Federal sources	118,762	-	-	-	118,762
Total revenues	5,109,494	122,240	595,314	427,458	6,254,506
Expenditures:					
Current:					
Instruction:					
Regular	2,167,258	-	19,197	22,839	2,209,294
Special	701,855	-	-	-	701,855
Other	391,483	-	-	330,402	721,885
	3,260,596	-	19,197	353,241	3,633,034
Support services:					
Student	100,381	-	-	709	101,090
Instructional staff	176,252	-	-	380	176,632
Administration	560,904	-	-	4,143	565,047
Operation and maintenance of plant	325,130	-	6,921	73,932	405,983
Transportation	275,681	-	578,329	3,156	857,166
	1,438,348	-	585,250	82,320	2,105,918
Non-instructional programs	-	-	-	1,052	1,052
Other expenditures:					
Facilities acquisition	-	-	120,641	-	120,641
Long-term debt:					
Principal	-	274,970	-	-	274,970
Interest and fiscal charges	-	88,034	2,000	-	90,034
AEA flowthrough	170,985	-	-	-	170,985
	170,985	363,004	122,641	-	656,630
Total expenditures	4,869,929	363,004	727,088	436,613	6,396,634
Excess (deficiency) of revenues over (under) expenditures	239,565	(240,764)	(131,774)	(9,155)	(142,128)
Other financing sources (uses):					
Proceeds from lease purchases	-	-	515,790	-	515,790
Operating transfers in (out)	-	242,305	(242,305)	-	-
Total other financing sources (uses)	-	242,305	273,485	-	515,790
Net change in fund balances	239,565	1,541	141,711	(9,155)	373,662
Fund balances beginning of year	325,704	19,621	611,488	272,583	1,229,396
Fund balances end of year	\$ 565,269	21,162	753,199	263,428	1,603,058

See notes to financial statements.

Exhibit F

Lynnville-Sully Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year ended June 30, 2016

Net change in fund balances - total governmental funds (Exhibit E) **\$ 373,662**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 308,622	
Depreciation expense	<u>(397,537)</u>	(88,915)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

GO bonds repaid	190,000	
Revenue bonds repaid	60,000	
Capital lease proceeds	(515,790)	
Capital lease payments	24,970	
Amortization of bond discount	<u>(1,269)</u>	(242,089)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

1,343

The current year District IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.

268,155

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Other postemployment benefits	(11,878)	
Pension expense	<u>(218,907)</u>	(230,785)

Change in net position of governmental activities (Exhibit B) **\$ 81,371**

See notes to financial statements.

Lynnville-Sully Community School District
Statement of Net Position
Proprietary Fund
June 30, 2016

	Enterprise, School Nutrition
Assets	
Current assets:	
Cash and cash equivalents	\$ 75,194
Inventories	2,933
Total current assets	<u>78,127</u>
Non-current assets:	
Property and equipment:	
Machinery and equipment	134,713
Accumulated depreciation	<u>(110,317)</u>
Total non-current assets	<u>24,396</u>
Total assets	<u>102,523</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>26,273</u>
Liabilities	
Current liabilities:	
Total current liabilities	<u>-</u>
Noncurrent liabilities:	
Net pension liability	65,846
Net OPEB liability	<u>672</u>
Total noncurrent liabilities	<u>66,518</u>
Total liabilities	<u>66,518</u>
Deferred Inflows of Resources	
Pension related deferred inflows	<u>15,182</u>
Net Position	
Net investment in capital assets	24,396
Unrestricted	<u>22,700</u>
Total net position	<u>\$ 47,096</u>

See notes to financial statements.

Exhibit H

Lynnville-Sully Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year ended June 30, 2016

	Enterprise, School Nutrition
Operating revenue:	
Local sources:	
Charges for services	\$ 173,582
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	100,806
Benefits	28,177
Purchased services	19,286
Supplies	112,758
Depreciation	2,206
Other	405
Total operating expenses	263,638
Operating loss	(90,056)
Non-operating revenue:	
Interest income	78
State sources	2,075
Federal sources	105,932
Total non-operating revenue	108,085
Change in net position	18,029
Net position beginning of year, as restated	29,067
Net position end of year	\$ 47,096

See notes to financial statements.

Exhibit I

Lynnville-Sully Community School District
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2016

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 173,582
Cash payments to employees for services	(131,121)
Cash payments to suppliers for goods or services	(112,135)
Net cash used by operating activities	<u>(69,674)</u>
Cash flows from non-capital financing activities:	
State grants received	2,075
Federal grants received	86,196
Net cash provided by non-capital financing activities	<u>88,271</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(13,634)</u>
Cash flows from investing activities:	
Interest on investments	<u>78</u>
Net increase in cash and cash equivalents	5,041
Cash and cash equivalents at beginning of year	<u>70,153</u>
Cash and cash equivalents at end of year	<u><u>\$ 75,194</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (90,056)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	19,736
Depreciation	2,206
Decrease in inventories	578
Increase in net pension liability	13,729
(Increase) in deferred outflows of resources	(11,845)
(Decrease) in deferred inflows of resources	(4,694)
Increase in other postemployment benefits	672
Net cash used by operating activities	<u><u>\$ (69,674)</u></u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:	
Current assets:	
Cash	\$ 75,194
Cash and cash equivalents at year end	<u><u>\$ 75,194</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2016, the District received \$19,736 of federal commodities.

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

Lynnvile-Sully Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Lynnvile, Sully, Searsboro and Killduff, Iowa and the predominate agricultural territory in Jasper, Poweshiek and Mahaska counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Lynnvile-Sully Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Lynnvile-Sully Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Jasper County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows/outflows, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following is the District's major governmental funds:

General Fund: The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

Debt Service Fund: The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

Capital Projects Fund: The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The District reports the following non-major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2015.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,500
Buildings	3,500
Improvements other than buildings	3,500
Furniture and equipment	3,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the District after the measurement date but before the end of the District's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Long-term liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of the succeeding year's property tax receivable and income surtax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2016, expenditures exceeded the amounts budgeted in the support services function.

(2) **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 213,025

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance Beginning of Year, as restated	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 116,125	-	-	116,125
Total capital assets not being depreciated	116,125	-	-	116,125
Capital assets being depreciated:				
Buildings	8,519,088	12,362	-	8,531,450
Improvements other than buildings	817,571	-	-	817,571
Furniture and equipment	1,448,066	296,260	-	1,744,326
Total capital assets being depreciated	10,784,725	308,622	-	11,093,347
Less accumulated depreciation for:				
Buildings	3,994,329	249,309	-	4,243,638
Improvements other than buildings	205,742	35,245	-	240,987
Furniture and equipment	980,519	112,983	-	1,093,502
Total accumulated depreciation	5,180,590	397,537	-	5,578,127
Total capital assets being depreciated, net	5,604,135	(88,915)	-	5,515,220
Governmental activities capital assets, net	\$ 5,720,260	(88,915)	-	5,631,345
Business type activities:				
Furniture and equipment	\$ 121,079	13,634	-	134,713
Less accumulated depreciation	108,111	2,206	-	110,317
Business type activities capital assets, net	\$ 12,968	11,428	-	24,396

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 112,399
Special	46,833
Other	53,077

Support services:

Student services	34,344
Instructional staff	65,566
Administration	3,576
Operation and maintenance of plant	6,248
Transportation	75,494

Total governmental activities depreciation expense	\$ 397,537
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Business type activities:

Food services	\$ 2,206
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(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2016 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 1,230,000	-	190,000	1,040,000	195,000
GO bonds discount	(7,402)	-	(1,269)	(6,133)	-
Revenue bonds	1,240,000	-	60,000	1,180,000	60,000
Capital leases payable	-	515,790	24,970	490,820	118,610
Net pension liability	1,815,901	416,171	-	2,232,072	-
Net OPEB liability	-	11,878	-	11,878	-
Total	\$ 4,278,499	943,839	273,701	4,948,637	373,610
	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net pension liability	\$ 52,118	13,728	-	65,846	-
Net OPEB liability	-	672	-	672	-
Total	\$ 52,118	14,400	-	66,518	-

General Obligation Bonds

Details of the District's June 30, 2016 general obligation bonded indebtedness are as follows:

Bond Issue of May 1, 2011				
Year ending June 30,	Interest Rates	Principal	Interest	Total
2017	2.10%	195,000	26,685	221,685
2018	2.35%	200,000	22,590	222,590
2019	2.55%	205,000	17,890	222,890
2020	2.75%	215,000	12,662	227,662
2021	3.00%	225,000	6,750	231,750
Total		\$ 1,040,000	86,577	1,126,577

Lynnville-Sully Community School District
Notes to Financial Statements
June 30, 2016

Revenue Bonds

Details of the Districts' June 30, 2016 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Bond Issue of April 1, 2010				
Year ending June 30,	Interest Rates	Principal	Interest	Total
2017	3.50%	60,000	49,175	109,175
2018	3.50%	65,000	46,988	111,988
2019	3.88%	65,000	44,712	109,712
2020	3.88%	70,000	42,219	112,219
2021	4.25%	70,000	39,506	109,506
2022	4.25%	75,000	36,556	111,556
2023	4.25%	75,000	33,369	108,369
2024	4.25%	80,000	30,075	110,075
2025	4.25%	85,000	26,569	111,569
2026	4.70%	85,000	22,956	107,956
2027	4.70%	90,000	19,035	109,035
2028	4.70%	95,000	14,688	109,688
2029	4.70%	100,000	10,105	110,105
2030	4.70%	165,000	5,287	170,287
Total		\$ 1,180,000	421,240	1,601,240

The District has pledged future statewide sales, services and use tax revenues for the purpose of construction. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the notes is \$1,601,240. For the current year, \$111,275 principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$411,035.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- \$126,611 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District complied with all of the provisions during the year ended June 30, 2016.

Capital Leases Payable

The District has entered into capital lease arrangements for the purchases of computer equipment and buses. The following is a schedule of the future minimum payments required under the leases together with their present value as of June 30, 2016

Year Ending, June 30	Bus Lease Payment	Bus Lease Payment	Apple Lease Payment	Bus Lease Payment	Total
2017	\$ 14,640	14,640	71,082	24,129	124,491
2018	52,000	52,000	71,082	24,129	199,211
2019	-	-	71,082	24,129	95,211
2020	-	-	71,082	24,129	95,211
Total minimum lease payments	66,640	66,640	284,328	96,516	514,124
Less amount representing interest	3,237	3,237	12,254	4,576	23,304
Present value of minimum lease payments	\$ 63,403	63,403	272,074	91,940	490,820

(6) Pension Plan

Pension Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first.. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 % for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In the fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of pay and the District contributed 8.93% for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2016 were \$277,001.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
- At June 30, 2016, the District reported a liability of \$2,297,918 for its proportionate share of the net pension liability. The net

Lynnville-Sully Community School District
Notes to Financial Statements
June 30, 2016

pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2015, the District's proportion was 0.046222%, which was an increase of 0.000065% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$227,753. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,719	-
Changes of assumptions	63,267	-
Net difference between projected and actual earnings on IPERS' investments	343,814	535,061
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	133,289	30,338
District contributions subsequent to the measurement date	277,001	-
Total	<u>\$ 852,090</u>	<u>565,399</u>

\$277,001 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June, 30	
2017	\$ (32,722)
2018	(32,722)
2019	(32,722)
2020	106,477
2021	1,379
	<u>\$ 9,690</u>

There are no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00% to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on the pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District's proportionate share of the net pension liability	\$ 4,023,242	\$ 2,297,918	\$ 841,622

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2016, the District reported payables to IPERS of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(7) Other Post-Employment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees and retirees and their spouses. There are 56 active members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug coverage is purchased through an outside provider. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$	29,539
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost		29,539
Contributions made		(16,989)
Increase (decrease) in net OPEB obligation		12,550
Net OPEB obligation beginning of year		-
Net OPEB obligation end of year	\$	12,550

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

For the year ended June 30, 2016, the District contributed \$16,989 to the medical plan. Plan members eligible for benefits were not required to contribute.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2016 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 42,960	93.02%	-
June 30, 2012	42,960	100.00%	-
June 30, 2013	16,989	100.00%	-
June 30, 2014	15,735	100.00%	-
June 30, 2015	15,735	100.00%	-
June 30, 2016	29,539	57.51%	12,550

Funded Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$233,796, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$233,796. The covered payroll (annual payroll of active employees covered by the plan) was \$2,654,741, and the ratio of the UAAL to covered payroll was 8.8%. As of June 30, 2016, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for

the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2015 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 3%. The ultimate medical trend rate is 3%. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$170,985 for the year ended June 30, 2016, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Restatement

Beginning net position for governmental and business type activities were restated to retroactively report a change in the calculation of estimated historical costs and accumulated depreciation of capital assets.

	Governmental Activities	Business type Activities
Net position June 30, 2015, as previously reported	\$ 2,583,219	31,550
Capital asset balance adjustment as of June 30, 2015	(130,560)	(2,483)
Net position June 30, 2015, as restated:	<u>\$ 2,452,659</u>	<u>29,067</u>

Required Supplementary Information

Lynnville-Sully Community School District
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Funds
Required Supplementary Information
Year ended June 30, 2016

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance- Positive (Negative)
Revenues:					
Local sources	\$ 3,400,674	173,660	3,574,334	3,515,312	59,022
State sources	2,735,070	2,075	2,737,145	2,696,963	40,182
Federal sources	118,762	105,932	224,694	191,000	33,694
Total revenues	6,254,506	281,667	6,536,173	6,403,275	132,898
Expenditures/Expenses:					
Instruction	3,633,034	-	3,633,034	3,952,153	319,119
Support services	2,105,918	-	2,105,918	1,744,675	(361,243)
Non-instructional programs	1,052	263,638	264,690	301,077	36,387
Other expenditures	656,630	-	656,630	1,206,581	549,951
Total expenditures	6,396,634	263,638	6,660,272	7,204,486	544,214
Excess (deficiency) of revenues over (under) expenditures/expenses	(142,128)	18,029	(124,099)	(801,211)	677,112
Other financing sources, net	515,790	-	515,790	-	515,790
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	373,662	18,029	391,691	(801,211)	1,192,902
Balances beginning of year, as restated	1,229,396	29,067	1,258,463	1,092,377	166,086
Balances end of year	\$ 1,603,058	47,096	1,650,154	291,166	1,358,988

See accompanying independent auditor's report.

Lynnvile-Sully Community School District
Notes to Required Supplementary Information - Budgetary Reporting
Year ended June 30, 2016

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's Budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2016, expenditures in the support services function exceeded the amounts budgeted.

Lynnvile-Sully Community School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employee's Retirement System
For the Last Two Years* (In Thousands)
Required Supplementary Information

	2016	2015
District's proportion of the net pension liability	0.046222%	0.046157%
District's proportion of the net pension pension liability	\$ 2,298	1,868
District's covered-employee payroll	\$ 3,187	3,082
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See accompanying independent auditor's report.

Lynnville-Sully Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years (In Thousands)
Required Supplementary Information

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contribution	\$ 277	285	275	243	216	191	188	175	157	139
Contributions in relation to the statutorily required contribution	(277)	(285)	(275)	(243)	(216)	(191)	(188)	(175)	(157)	(139)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 3,102	3,187	3,082	2,703	2,574	2,651	2,678	2,651	2,578	2,411
Contributions as a percentage of covered-employee payroll	8.93%	8.94%	8.92%	8.99%	8.39%	7.20%	7.02%	6.60%	6.09%	5.77%

See accompanying independent auditor's report.

Change of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 % per year measured from the member's first unreduced retirement age to a 6 % reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.7 % per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

Lynnville-Sully Community School District
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information
Year ended June 30, 2016

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	418,000	418,000	0.0%	2,600,000	16.1%
2011	July 1, 2009	-	418,000	418,000	0.0%	2,600,000	16.1%
2012	July 1, 2009	-	418,000	418,000	0.0%	2,600,000	16.1%
2013	July 1, 2012	-	102,244	102,244	0.0%	2,885,000	3.5%
2014	July 1, 2012	-	102,244	102,244	0.0%	2,885,000	3.5%
2015	July 1, 2012	-	102,244	102,244	0.0%	2,885,000	3.5%
2016	July 1, 2015	-	233,796	233,796	0.0%	2,654,741	8.8%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Schedule 1

Lynnville-Sully Community School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 88,557	181,700	270,257
Receivables:			
Property tax:			
Delinquent	461	-	461
Succeeding year	100,000	-	100,000
Total assets	\$ 189,018	181,700	370,718
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	7,290	7,290
Total liabilities	-	7,290	7,290
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	100,000	-	100,000
Total deferred inflows of resources	100,000	-	100,000
Fund balances:			
Restricted for:			
Management levy purposes	89,018	-	89,018
Student activities	-	174,410	174,410
Total fund balances	89,018	174,410	263,428
Total liabilities, deferred inflows of resources and fund balances	\$ 189,018	181,700	370,718

See accompanying independent auditor's report.

Schedule 2

Lynnville-Sully Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year ended June 30, 2016

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 77,788	-	77,788
Other	248	348,603	348,851
State sources	819		819
Total revenues	78,855	348,603	427,458
Expenditures:			
Current:			
Instruction:			
Regular	22,839	-	22,839
Other	-	330,402	330,402
Support Services:			
Student	709	-	709
Instructional staff	380	-	380
Administration	4,143	-	4,143
Operation and maintenance of plant	73,932	-	73,932
Transportation	3,156	-	3,156
Non-instructional program	1,052	-	1,052
Total expenditures	106,211	330,402	436,613
Excess (deficiency) of revenues over (under) expenditures	(27,356)	18,201	(9,155)
Fund balances beginning of year	116,374	156,209	272,583
Fund balances end of year	\$ 89,018	174,410	263,428

See accompanying independent auditor's report.

Schedule 3

Lynnville-Sully Community School District
Schedule of Changes in Special Revenue Funds, Student Activity Accounts
Year ended June 30, 2016

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expendi- tures	Balance End of Year
Athletic Booster Club	\$ 24,618	57,631	61,524	20,725
Drill Team	-	2,467	1,132	1,335
ITED Incentives	3,514	469	105	3,878
Instrumental Resale	49	1,076	915	210
Instrumental Concerts	23	100	60	63
Vocal Concerts	241	100	225	116
Music Booster Club	6,964	11,008	8,813	9,159
Music Boosters Uniforms	787	800	318	1,269
Music and Drama - Student Trip Accounts	-	30,070	30,070	-
High School Annual (Yearbook)	18,997	16,178	13,064	22,111
Speech and Drama	477	44	283	238
Drama Booster	401	-	200	201
Cheerleaders	2,732	5,850	6,437	2,145
Co-Ed Athletics	241	49,981	40,440	9,782
Boy's Basketball	5,920	3,386	4,430	4,876
Girl's Basketball	2,377	1,840	1,572	2,645
Football	6,222	19,861	24,161	1,922
Baseball	633	3,710	2,526	1,817
Cross Country	1,119	1,793	1,610	1,302
Golf	-	261	261	-
Track	744	3,288	3,684	348
Wrestling	379	2,181	796	1,764
Volleyball	1,324	1,303	-	2,627
Softball	2,481	2,657	2,926	2,212
F.F.A.	13,694	21,046	20,773	13,967
National Honor Society	-	906	906	-
High School Student Council	3,284	2,453	3,434	2,303
Junior High Student Council	4,282	7,187	5,756	5,713
Class of 2016	10,588	3,263	5,842	8,009
Class of 2017	5,797	5,599	10,029	1,367
Class of 2018	3,392	3,914	-	7,306
Class of 2019	680	5,614	2,217	4,077
Class of 2020	-	40	-	40
Class of 2021	401	-	-	401
Class of 2022	339	-	-	339
Class of 2023	673	-	-	673
Class of 2024	178	-	-	178
Class of 2025	587	-	364	223
Class of 2026	-	2,572	2,101	471
Spanish Club	3,466	-	-	3,466

Schedule 3

Lynnville-Sully Community School District**Schedule of Changes in Special Revenue Funds, Student Activity Accounts****Year ended June 30, 2016**

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expendi- tures	Balance End of Year
Padlocks	343	-	-	343
Interest	611	204	481	334
After Prom Party	6,731	20,557	17,704	9,584
Science Club	-	140	-	140
Math Club	3,156	7,319	7,774	2,701
Athletic Booster - LL and Soccer	4,514	33,841	29,175	9,180
Art Club	13,205	826	1,421	12,610
Jazz Band	-	365	125	240
Concession Stand	45	16,703	16,748	-
Totals	\$ 156,209	348,603	330,402	174,410

Schedule 4

Lynnville-Sully Community School District
Combining Balance Sheet
Capital Projects Fund Accounts
June 30, 2016

	Capital Projects			
	Statewide Sales, Services and Use Tax	Other Capital Projects	Physical Plant and Equipment Levy	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 538,100	23,844	112,919	674,863
Receivables:				
Property tax:				
Delinquent	-	-	360	360
Succeeding year	-	-	110,069	110,069
Income surtax	-	-	67,297	67,297
Accounts	-	13,801	-	13,801
Due from other governments	66,982	-	-	66,982
Total assets	\$ 605,082	37,645	290,645	933,372
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts Payable	\$ -	-	2,807	2,807
Total liabilities	-	-	2,807	2,807
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	110,069	110,069
Income surtax	-	-	67,297	67,297
Total deferred inflows of resources	-	-	177,366	177,366
Fund balances:				
Restricted for:				
Debt service	126,611	-	-	126,611
School infrastructure	478,471	37,645	-	516,116
Physical plant and equipment	-	-	110,472	110,472
Total fund balances	605,082	37,645	110,472	753,199
Total liabilities, deferred inflows of resources and fund balances	\$ 605,082	37,645	290,645	933,372

See accompanying independent auditor's report.

Schedule 5

Lynnville-Sully Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund Accounts
Year ended June 30, 2016

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Other Capital Projects	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ -	-	129,953	129,953
Other	1,273	34,525	17,889	53,687
State sources	411,035	-	639	411,674
Total revenues	412,308	34,525	148,481	595,314
Expenditures:				
Current:				
Instruction				
Regular	-	-	19,197	19,197
Support services:				
Operation and maintenance of plant	-	-	6,921	6,921
Transportation	-	-	578,329	578,329
Other expenditures:				
Facilities acquisition	71,082	18,427	31,132	120,641
Interest and fiscal charges	2,000	-	-	2,000
Total expenditures	73,082	18,427	635,579	727,088
Excess (deficiency) of revenues over (under) expenditures	339,226	16,098	(487,098)	(131,774)
Other financing sources (uses)				
Proceeds from lease purchases	-	-	515,790	515,790
Operating transfers in (out)	(213,025)	-	(29,280)	(242,305)
Total other financing sources (uses)	(213,025)	-	486,510	273,485
Change in fund balances	126,201	16,098	(588)	141,711
Fund balances beginning of year	478,881	21,547	111,060	611,488
Fund balances end of year	\$ 605,082	37,645	110,472	753,199

See accompanying independent auditor's report.

Lynnville-Sully Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Local sources:										
Local tax	\$ 2,464,226	2,160,981	2,249,624	2,665,232	2,640,252	2,543,681	2,221,322	2,188,704	2,096,135	2,030,294
Tuition	455,135	411,426	392,261	389,910	340,886	388,430	324,431	304,670	279,487	286,278
Other	481,313	429,913	700,720	433,543	449,665	689,309	445,758	450,751	492,107	513,387
State sources	2,735,070	2,771,651	2,545,968	2,199,544	2,211,193	2,070,144	1,969,635	2,152,604	2,259,724	2,198,030
Federal sources	118,762	104,886	99,841	119,377	219,390	159,938	375,083	202,199	175,356	185,570
Total	<u>\$ 6,254,506</u>	<u>5,878,857</u>	<u>5,988,414</u>	<u>5,807,606</u>	<u>5,861,386</u>	<u>5,851,502</u>	<u>5,336,229</u>	<u>5,298,928</u>	<u>5,302,809</u>	<u>5,213,559</u>
Expenditures:										
Instruction:										
Regular	\$ 2,209,294	2,140,258	2,239,688	2,034,218	1,967,837	1,920,892	2,022,810	2,016,527	1,917,943	1,794,640
Special	701,855	718,638	742,206	664,174	602,182	651,363	696,243	697,974	665,827	656,680
Other	721,885	687,974	758,542	685,879	666,163	627,973	642,364	656,697	580,612	559,788
Support services:										
Student	101,090	98,357	104,859	72,243	68,415	67,618	96,625	90,332	81,065	79,132
Instructional staff	176,632	221,574	233,652	177,302	111,909	88,074	122,010	87,116	112,269	69,720
Administration	565,047	663,180	651,852	612,965	586,710	575,167	557,324	548,166	575,598	554,684
Operation and maintenance of plant	405,983	459,101	400,779	402,621	341,632	362,487	415,456	388,632	380,045	388,497
Transportation	857,166	417,226	408,961	270,536	270,825	266,837	336,608	271,362	269,564	337,613
Non-instructional programs	1,052	1,041	1,054	1,337	1,085	1,144	1,015	998	1,316	788
Other expenditures:										
Facilities acquisition	120,641	611,789	236,872	298,402	451,239	858,020	947,445	202,495	164,212	80,031
Long-term debt:										
Principal	274,970	240,000	245,000	240,000	230,000	2,065,000	140,000	135,000	130,000	125,000
Interest and other charges	90,034	90,125	93,960	97,090	109,791	165,877	142,525	106,755	112,280	117,592
AEA flowthrough	170,985	171,711	169,301	164,038	164,846	182,815	184,704	163,657	161,343	156,987
Total	<u>\$ 6,396,634</u>	<u>6,520,974</u>	<u>6,286,726</u>	<u>5,720,805</u>	<u>5,572,634</u>	<u>7,833,267</u>	<u>6,305,129</u>	<u>5,365,711</u>	<u>5,152,074</u>	<u>4,921,152</u>

See accompanying independent auditor's report.



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CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Education of Lynnville-Sully Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Lynnville-Sully Community School District, Sully, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lynnville-Sully Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lynnville-Sully Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lynnville-Sully Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item (A) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lynnville-Sully Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part II of the Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Lynnville-Sully Community School District's Responses to Findings

Lynnville-Sully Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Lynnville-Sully Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Lynnville-Sully Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

November 15, 2016

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

- A. Segregation of Duties – The limited number of office personnel prevents a proper segregation of accounting functions necessary to assure adequate internal control. This is not unusual in Districts of your size, but the Board should constantly be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in the Board's knowledge of matters relating to the District's operations.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Part II: Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2016, exceeded the certified budget amounts in the support services function.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded. We would like to note that expenditures in total were less than the total budgeted amount.

Conclusion - Response accepted.
2. Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions – No business transactions between the District and District officials or employees were noted.
5. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
6. Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
7. Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
8. Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
9. Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

Lynnvile-Sully Community School District
Schedule of Findings
Year ended June 30, 2016

10. Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
11. Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2016, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	478,881
Revenues/transfers in:			
Sales tax revenues	\$	411,035	
Other local revenues		1,273	412,308
			<hr/> 891,189
Expenditures/transfers out:			
School infrastructure construction		71,082	
Other		2,000	
Transfers to other funds:			
Debt service funds		213,025	286,107
			<hr/>
Ending balance		\$	<u><u>605,082</u></u>

For the year ended June 30, 2016, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	<hr/>	
	Rate of Levy	
	Reduction Per	
	\$1,000 of Taxable	Property Tax
	Valuation	Dollars Reduced
Debt service levy	\$ 0.58000	10,000